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Missouri State Auditor

Department of Corrections
County Reimbursement Program

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CITIZENS SUMMARY

Findings in the audit of Department of Corrections County Reimbursement Program

Inadequate Reimbursement Rate Results in State Liabilities and Increased Subsidization of State Costs at the Local Level	Appropriations and reimbursement rates for the reimbursement of criminal costs, prisoner transportation, and extradition costs for state prisoners to Missouri counties have generally kept up with inflation over the past decade, but have not kept up with reimbursement requests submitted from the counties. In addition, incarceration costs incurred by counties for state prisoners have continued to increase, resulting in county governments increasingly subsidizing state incarceration costs.
Clarification in State Law Needed	Clarification is needed in state law to improve clarity and consistency for counties. Officials from the Department of Corrections (DOC) as well as several county officials stated the statutory wording of Section 221.105.3, RSMo, was unclear regarding the state's potential maximum liability to counties and could be open to multiple interpretations. The state prisoner transport reimbursement methodology does not align with actual costs incurred by the counties. State law defining which cases are eligible for county reimbursement is inconsistent and can result in uncertainty for counties about when and if incarceration costs for certain inmates will be reimbursed, and can result in administrative burden.
Weaknesses in DOC Processes and Procedures	The DOC has not requested sufficient funds to pay outstanding liabilities to counties and the department's annual budget requests have not acknowledged the state's liability to county governments. The DOC's procedures for processing county reimbursement requests are not adequate, resulting in overpayments to county governments.

Due to the nature of this report no rating is provided.

Department of Corrections
County Reimbursement Program
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Honorable Michael L. Parson, Governor
and
Members of the General Assembly
and
Anne L. Precythe, Director
Department of Corrections
Jefferson City, Missouri

We have audited certain operations of the Department of Corrections (DOC). The state's low reimbursement rates for housing state prisoners has been an ongoing concern for several years and has received more attention lately due to the state's inability to make timely reimbursement payments to county governments. The objectives of our audit were to:

1. To evaluate internal controls over significant management and financial functions related to the County Reimbursement Program.

2. To evaluate compliance with certain legal provisions related to the County Reimbursement Program.

3. To evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions related to the County Reimbursement Program.

4. To determine the impact of unpaid bill of costs on county governments.

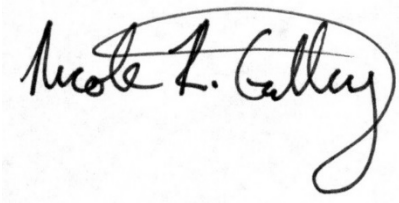
Except as discussed in the following paragraph, we conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

Government Auditing Standards require us to obtain and report the view of responsible officials of the audited entity concerning the findings, conclusions, and recommendations included in the audit report. Due to the nature of this report, and due to the majority of the findings being legislative in nature, we were unable to obtain views of responsible officials for the findings, conclusions, and recommendations outlined in findings 1 and 2 of the Management Advisory Report. The views of DOC officials were obtained and included in finding 3 of the Management Advisory Report.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, (3) the need for improvement in management practices and procedures, and (4) increases in

state liabilities and insufficient reimbursement rates resulting in county governments increasingly subsidizing the cost of housing of state prisoners.

The accompanying Management Advisory Report presents our findings arising from our audit of the DOC's County Reimbursement Program.



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Department of Corrections
County Reimbursement Program
Introduction

Background

The Department of Corrections (DOC) has the responsibility of supervising and managing 20 correctional institutions, 10 institutional treatment centers, 49 probation and parole offices, 6 community supervision centers, and 1 community release center providing correctional services throughout the state. The DOC is composed of the Office of the Director and four divisions: Human Services, Adult Institutions, Offender Rehabilitative Services, and Probation and Parole. The department has approximately 11,000 employees, overseeing and supervising 24,000 convicted adult felons, 18,700 parolees, and 37,600 probationers across the state.

In 2006, Senate Committee Substitute for Senate Bill (SB) 870 modified state law to transfer responsibility for some payments from the Office of Administration (OA) to other state agencies. Prior to SB 870, sheriffs in counties were required to file claims with the OA for reimbursable services such as boarding costs, extradition, and transportation of certain offenders. SB 870 transferred the responsibility of reimbursing counties from the OA to the Director of the DOC.

Crimes are classified as either felonies or misdemeanors. Under Section 556.061, RSMo, a crime is a felony offense if it is so designated or an offense for which persons found guilty thereof may be sentenced to death or imprisonment for a term greater than one year. Offenders charged with a felony and sentenced to imprisonment for more than one year serve their term in a DOC correctional center. Conversely, a crime is a misdemeanor if an offense is so designated or the offense results in a sentence of imprisonment for one year or less. Those charged with a misdemeanor and receiving a sentence of imprisonment of one year or less, serve their term in a county jail. Expenses for indigent prisoners are reimbursable by the state to the sheriff for those offenders who were charged with a felony, convicted, and sentenced to DOC as provided in Section 550.020, RSMo.

The DOC is statutorily required to reimburse counties and sheriffs for certain expenses incurred on behalf of offenders that are sentenced to the custody of the DOC. Sections 548.241 and 548.243, RSMo, allow for counties to be reimbursed for extradition services provided by the sheriff, deputy, or private transport companies. In addition, sheriffs are to be reimbursed for providing transportation to a reception and diagnostic center once an offender is sentenced, per Section 57.290, RSMo. Chapter 550, RSMo, also outlines certain criminal costs, including incarceration costs, that are to be reimbursed by DOC once an offender is sentenced to the DOC. Section 221.105.3, RSMo, states the DOC is authorized to pay "up to" $37.50 per day per offender; however, the reimbursement rate is "subject to appropriations, but not less than the amount appropriated the previous year." The current rate of $22.58 per day, was established July 1, 2017. The DOC establishes the rate based on legislative intent through the appropriations process. The DOC modifies the

rate based on the intent of increases or decreases to reimbursement appropriations authorized by the General Assembly.

Currently, counties submit claims throughout the year for all 3 types of expenses. Typically, these claims are submitted to the DOC County Reimbursement Unit in packets for multiple reimbursement requests, not just for one individual. Unit personnel log and audit each request for accuracy and to ensure prior payment has not been provided. Once audited, a coversheet is prepared for the claim packet to note the important details including but not limited to date, type of claim, audited amount to be paid, and county. However, because appropriations have not been sufficient to pay all submitted claims timely, there is a backlog of payments due. Each quarter when appropriations are made available, DOC personnel enter and approve claims pending reimbursement on a first in first out basis up to the appropriation amount available. Payments are usually processed and paid within the first 48 hours of receipt of these appropriations. Currently, for all 3 types of expenses there is a time delay from receipt of the claim to payment. These delays are approximately 3 months for extraditions, 8 months for bill of costs, and 9 months for certificate of deliveries, according to DOC records.

Prior audit

The State Auditor's Office (SAO) issued an audit report of the DOC that included recommendations regarding county reimbursements in 2009.[1] That audit reported the DOC had not established adequate policies and procedures to review and approve cost reimbursement requests. In addition, the audit found that the interpretation of the state law for reimbursing counties for transporting convicted offenders provided excess reimbursement for these services. The audit recommended the DOC expand monitoring procedures and consider developing an electronic billing system with sufficient edit checks designed to prevent and detect improper payments. Other recommendations included considering amending procedures to provide for reimbursements that more closely represent actual mileage costs and seeking applicable legislation or legal opinions for state law clarification.

Comparison with other states

According to a survey conducted by the DOC, Missouri is potentially the only state in the nation that reimburses counties for the cost of incarcerating individuals in county jails for pretrial detention days. In March 2019, the DOC surveyed the other 49 states to determine if county jails were reimbursed by the state for time spent in jail custody pretrial. Of the 30 states that responded, none provided county reimbursement for pretrial days. We also reviewed a February 2010 report issued by the National Association of

[1] SAO Report No. 2009-103, *Department of Corrections*, issued in September 2009 is available at <https://app.auditor.mo.gov/repository/press/2009-103.pdf>.

Counties (NACO), "State Prisoners in County Jails,"[2] which indicated at that time Missouri was the only state providing reimbursement for pretrial detention days. We could not identify any other state that provided pretrial reimbursement payments to local county jails.

While it is common for states to have some form of a county jail reimbursement program, these programs typically only provide reimbursement to counties holding prisoners after sentencing, or for counties to house state prisoners due to the overcrowding of state prisons. In some states, like Arkansas, reimbursement begins as early as the date of sentencing. Other states, such as Iowa and Oklahoma, contract or negotiate rates with counties to hold prisoners due to insufficient space in state facilities.

The governmental entity responsible for holding inmates awaiting trial can also vary among the states. For example, some states use regional jails that provide jail services for multiple counties. The state of West Virginia provides funding to the Regional Jail and Corrections Facility Authority, which operates regional jail facilities throughout that state. The authority then charges counties for housing pretrial prisoners. Currently, the rate charged to West Virginia counties is $48.25 per day per prisoner.

Missouri's unique statutory provision of paying counties for inmates unable to pay criminal costs dates back to the earliest years of Missouri's history as a state. We reviewed the Revised Statutes of Missouri published in 1825 and 1835. We noted that statutes in the 1825 publication provided for state reimbursement to counties after the first year of incarceration if the offender could not pay the accrued costs. By the 1835 publication, the language requiring counties to pay for the first year of incarceration was removed. State law currently reimburses counties for incarceration costs in 4 general circumstances:

1. Pretrial jail time served for cases where offender is sentenced to state incarceration.
2. Post-sentence jail time served awaiting transfer to a state facility.
3. Parole violator jail time served while awaiting judicial determination and transfer to a state facility.
4. Probation violator jail time served while awaiting judicial determination and transfer to a state facility only if the judge sentences the offender to state incarceration. This circumstance also makes any pretrial jail time served eligible for state reimbursement.

[2] NACO February 2010 *State Prisoners in County Jail Report*, is available at <https://www.naco.org/sites/default/files/documents/State%20Prisoners%20in%20County%20Jails%20Updated.pdf>, accessed September 30, 2020.

Pretrial detention

Pretrial detention is the detaining of an accused person in a criminal case before the trial has taken place, either because of a failure to post bail or due to denial of release under pretrial detention statutes (Sections 544.455 and 544.470, RSMo).

When polled by the Missouri Sheriffs' Association regarding local jail populations, 69 of the 114 counties (61 percent) responded and indicated that overall, approximately 73 percent of the jail population were awaiting trial on a felony offense. However, data on pretrial detention in Missouri is not available due to the lack of a centralized database of incarceration data.

The Missouri Supreme court recently issued new court rules regarding the use of monetary bonds and non-monetary conditions of release. Effective July 1, 2019, the Missouri Supreme Court introduced Rule 33.01, requiring judges to first consider non-monetary conditions for pretrial. Under the new bond rules, a defendant's ability to pay, his or her family situation, and the danger posed to the public by release were crucial points for judges to consider.

At the federal level, on September 27, 1982, the Pretrial Services Act was signed into law, mandating pretrial services functions be provided in each judicial district except the District of Columbia. Therefore, in Missouri, many of the pretrial options are used by the Eastern and Western Districts of Missouri for federal offenders. In addition, several counties in Missouri have created their own pretrial services in an attempt to reduce incarceration costs, allowing criminal justice funding to be spent more effectively. The most notable programs are in the counties of Boone, Cole, Greene, Jasper, Jackson, and St. Louis, and the City of St. Louis.

Missouri State Justice Reinvestment Task Force

In June 2017, Governor Greitens established the Missouri State Justice Reinvestment Task Force with Executive Order 17-17. The 22-member task force includes state lawmakers, judiciary members, corrections officials, defense and prosecuting attorneys, and local law enforcement executives. The Council of State Governments (CSG) Justice Center was tasked with collecting and analyzing data and partner with state leaders to develop appropriate policy options and strategies. On November 28, 2017, the CSG Justice Center presented its fourth presentation to the Missouri State Justice Reinvestment Task Force. This presentation[3] focused on 3 main areas (1) understanding drivers of jail populations, (2) breaking down county jail reimbursement, and (3) changing Missouri's jail reimbursement paradigm.

[3] The Justice Reinvestment in Missouri, Fourth presentation to the Missouri State Justice Reinvestment Task Force is available at <https://csgjusticecenter.org/wp-content/uploads/2020/10/MO-JR-Pres-Nov-28-2017_FINAL_Updated.pdf>, accessed October 26, 2020.

In the presentation, driving factors for the increase in jail population not only included pretrial detention but also long case processing times often due to understaffing of the public defenders. The Justice Center also noted that certain offenses should not require jail time, that citation and release in lieu of arrest could be used for non-violent offenses.

In reviewing of county jail reimbursement for fiscal year 2017, the Justice Center noted that Missouri spent more than $40 million to reimburse county jails, representing a total of approximately 1.8 million incarceration days statewide. Of these claims, 34 percent where associated with days in jail in excess of 3 months. In addition, the report indicated the process is not transparent, efficient, or effective. Judges, sheriffs, prosecutors, and county clerks must certify claimed jail days, but DOC manually enters and audits the claims and adjusts reimbursement amounts accordingly. The report indicated all this is done without benefit of any meaningful database on jail populations.

The Justice Center concluded in its final presentation[4] to the Missouri State Justice Reinvestment Task Force on December 13, 2017, that opportunities existed to change current investments into more flexible and impactful resources to aid local communities in improving pretrial and jail resource management practices. Such opportunities included encouraging counties to implement pretrial practices that enhance public safety and make better use of limited criminal justice resources.

Proposed changes

In response to recommendations from the task force, the General Assembly revised Section 221.105, RSMo, effective August 28, 2018 to create an alternative jail sanction in an attempt to reduce jail costs and overcrowding and to improve payments to counties without impacting public safety. This new law allowed counties to seek reimbursement for certain pretrial monitoring services. However, the statute placed a number of restrictions on counties in order to participate in the program. For example, counties could only receive reimbursement for pretrial services if the defendant was ultimately eligible for state incarceration. In addition, counties participating in the pretrial service program could not receive more in total reimbursement than the amount received in the previous fiscal year. Since an offender is not determined to be a state liability until sentencing and a county cannot control the number of criminal cases each year, interest from counties in participating in the program was limited and program funding was diverted to fund additional county reimbursements for traditional incarceration costs.

[4] The Justice Reinvestment in Missouri, Final presentation to the Missouri State Justice Reinvestment Task force is available at <https://csgjusticecenter.org/wp-content/uploads/2020/10/12.13.17_JR-in-MO_Final-Presentation.pdf>, accessed October 26, 2020.

During the 2020 regular legislative session, multiple proposals were introduced that could impact the county jail reimbursement program. The most notable was House Bill (HB) 1735 that would have modified Section 221.105, RSMo, to allow counties to continue receiving reimbursement for incarcerating prisoners. However, the rate paid by the DOC would be calculated and adjusted quarterly using available appropriation amounts and the number of eligible incarceration days requested by counties for reimbursement, with a maximum rate of $40 per day. Requests paid at the calculated quarterly rate would not be eligible for additional reimbursement from the state. This proposed revision would prevent additional liabilities from being incurred by the state due to low appropriation amounts. However, the rate paid could be lower than current rates paid depending on reimbursement requests received by the DOC and amounts appropriated by the legislature for county reimbursement. This bill did not pass during the 2020 regular legislative session.

Scope and Methodology

The scope of our audit included, but was not limited to, the year ended June 30, 2020. Our methodology included obtaining databases for criminal costs, in-state transportation, and extradition reimbursements maintained by the DOC; analyzing the data and performing tests to determine if certain elements were accurate and in accordance with statutory requirements; and interviewing various personnel of the Department of Corrections, as well as certain external parties. We obtained an understanding of internal control that is significant to the audit objectives and assessed the design and implementation of such internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

To gain an understanding of the legal requirements governing the DOC's county reimbursement program, we reviewed relevant state statutes. We then reviewed documentation from the DOC to determine if statutory requirements were being fulfilled during the reimbursement process to ensure compliance.

To gain an understanding of the DOC's policies and procedure regarding county reimbursement for criminal costs, we met with applicable officials from the agency and reviewed the agency's relevant written policies and procedures. We then performed tests to determine compliance with certain policies and procedures.

To gain an understanding of relevant issues at the county level, we contacted officials from the Missouri Sheriff's Association and emailed a brief survey

to county officials and the City of St. Louis. We received responses from 31 county or city representatives (e.g. County Commissioners, County Auditors, Director of Finance) representing jurisdictions with both large and small jail populations.

1. Inadequate Reimbursement Rate Results in State Liabilities and Increased Subsidization of State Costs at the Local Level

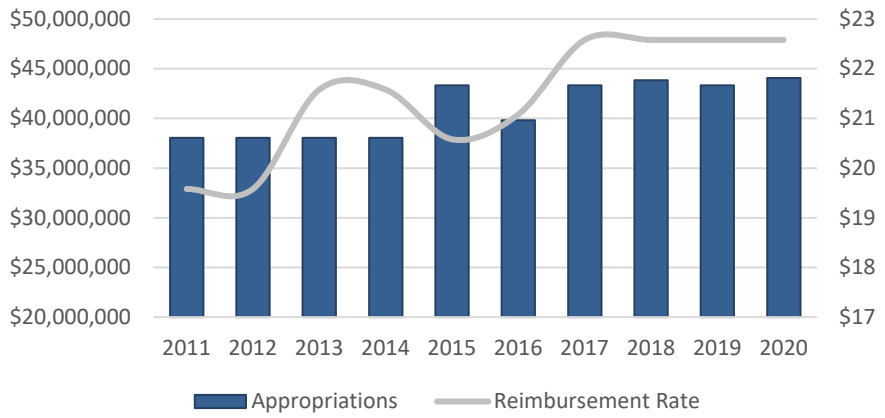
Appropriations and reimbursement rates for the reimbursement of criminal costs, prisoner transportation, and extradition costs for state prisoners to Missouri counties have generally kept up with inflation over the past decade, but have not kept up with reimbursement requests submitted from the counties. As a result, the state has accumulated a liability of approximately $31 million to counties as of June 30, 2020, which represents approximately 80 percent of the annual amount claimed for reimbursement. In addition, incarceration costs incurred by counties for state prisoners have continued to increase, resulting in county governments increasingly subsidizing state incarceration costs.

State appropriations and reimbursement rates

State appropriations for bill of cost (boarding of prisoners), as well as the reimbursement rate paid to counties, have generally kept up with inflation over the past decade. However, the reimbursement rate paid to counties in fiscal year 2020 is, essentially, the same rate paid in 1998.

Figure 1 depicts state appropriations for bill of cost and the daily reimbursement rate for fiscal years 2011 through 2020, in current dollars (not adjusted for inflation).

Figure 1: Annual appropriations and daily reimbursement rate, fiscal years 2011 to 2020, current dollars



Source: Missouri House of Representatives archived documents and Missouri Department of Corrections (DOC)

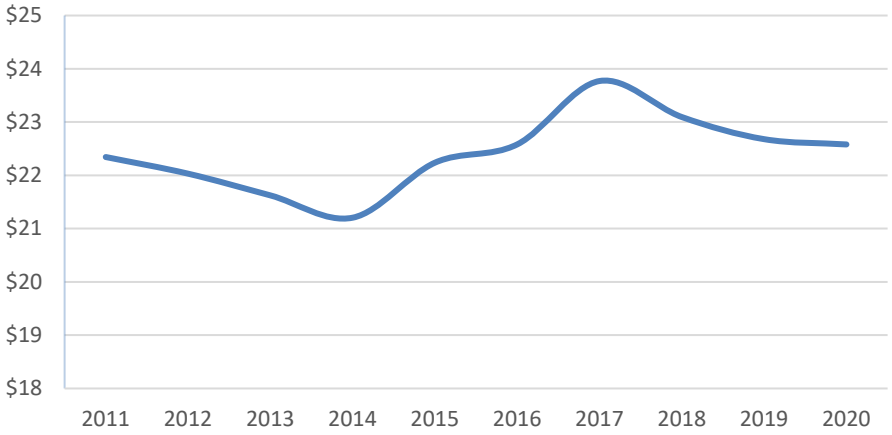
See Appendix A and B for historical daily reimbursement rate and historical appropriations information, respectively.

Section 221.105 RSMo requires the state to reimburse counties for costs incurred in housing the state's prisoners, including prisoners being held on probation and parole violations, subject to certain limitations. While some statutorily required fees are reimbursed by the state, most criminal costs reimbursed to counties are for the boarding of prisoners that are sentenced to imprisonment in the DOC. Per statute, the DOC is to reimburse counties at a

rate of "up to" $37.50 per day, per prisoner. DOC officials indicated the department determines the reimbursement rate based upon the legislative intent of the appropriated funding. The fiscal year 2020 bill of cost appropriation for this purpose was set at approximately $40.3 million (this amount included $1.75 million for the payment of bill of costs requests received by DOC prior to July 1, 2019), and the DOC established the fiscal year 2020 reimbursement rate at $22.58 per day, per prisoner. For fiscal year 2021, the General Assembly appropriated $52 million for total county reimbursements with $48.25 million appropriated for prisoner boarding. The $48.25 million includes $9.75 million dedicated for the payment of unpaid reimbursements.

Figure 2, depicts the reimbursement rates in Figure 1, adjusted for inflation. As shown, the inflation-adjusted reimbursement rate has fluctuated over the past decade, but has generally kept up with inflation.

Figure 2: Daily reimbursement rate, fiscal years 2011 to 2020, adjusted for inflation

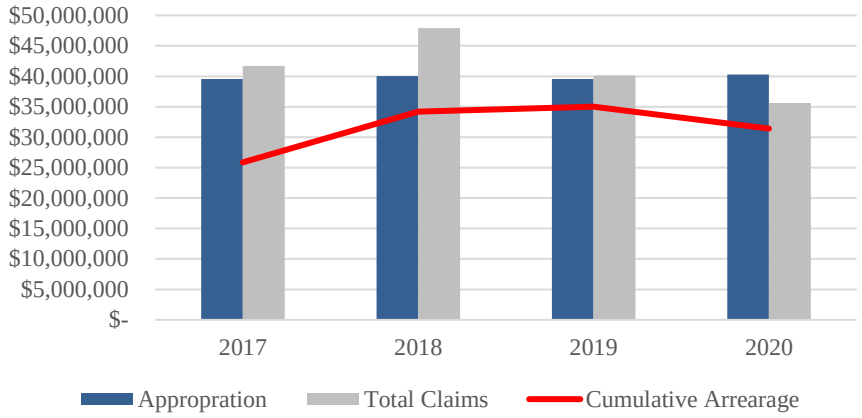


Source: Missouri DOC records, SAO analysis of Consumer Price Index data from <https://fred.stlouisfed.org/series/CPIAUCSL> and Appendix A

Appropriations have not been sufficient to pay reimbursement claims

Appropriation amounts have not been sufficient to cover all bill of cost reimbursement claims since at least fiscal year 2006, according to DOC officials. In that year, the DOC took responsibility for the program from the Office of Administration. DOC officials indicated that arrearage was an issue at that time. However, the DOC did not start officially tracking annual county reimbursement requests and arrearages until January 2016, therefore the total number of prisoner days requested annually prior to 2016 is unknown. Our review of the available data indicates that between fiscal year 2017 and fiscal year 2020, the bill of cost arrearage increased by approximately $6 million, to a total cumulative arrearage of approximately $29 million. Figure 3 shows annual bill of cost appropriations, claims, and arrearage amounts, as well as the cumulative bill of cost arrearage balance, for fiscal year end 2017 to 2020.

Figure 3: Bill of cost appropriations, claims, and cumulative arrearage, fiscal years 2017 to 2020



Source: Missouri DOC

Appendix C, shows the fiscal year 2020 submitted claims, payments, arrearage, and cumulative arrearage, by county.

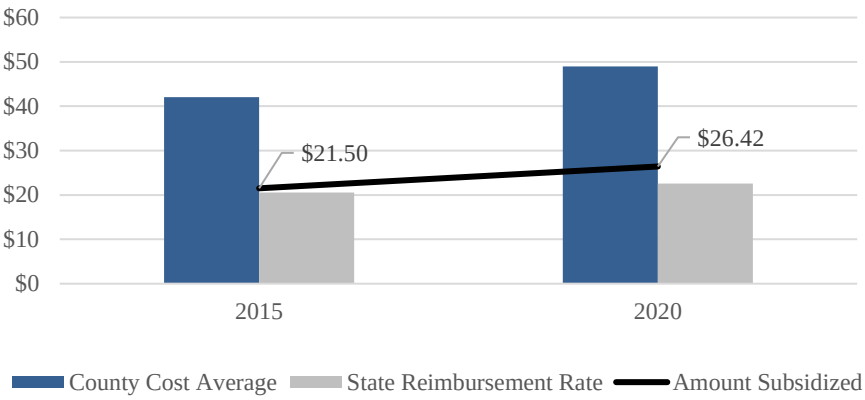
Actual local boarding costs have continued to rise

Incarceration costs at the county level have continued to increase despite only moderate increases in the reimbursement rate. In late 2015, the Committee on Legislative Research's Oversight Division reviewed the DOC's county reimbursement program. During that review, the Oversight Division obtained the daily incarceration cost from 109 counties and determined incarceration costs from these counties ranged from $20 to $88 per day, with an average of $42.08. In March 2020, the Missouri Sheriff's Association surveyed its members regarding the actual daily costs for boarding prisoners. Of the 53 counties that responded, daily rates reported ranged from $25.45 to $110 per day with an average of $49.

Counties are subsidizing state incarceration costs at an increasing rate

The increasing difference between the daily reimbursement rate and incarceration costs at the county level has resulted in an increase in the amount counties are subsidizing the state for housing state prisoners. Figure 4 shows the level of increase in the amount being subsidized at the county level.

Figure 4: Average daily county incarceration costs vs state reimbursement rate, for 2015 and 2020



Source: Missouri Sheriff Association and Missouri DOC

The reimbursement rates for both 2015 and 2020 are less than half the average daily county incarceration cost for each year. However, the portion of costs being subsidized by the counties has, on average, increased over that time.

The amount of local revenues necessary to subsidize these state incarceration costs is significant. For fiscal year 2020, claims submitted by counties totaled 1,545,168 bed days. Assuming the average daily cost rate from the Missouri Sheriff's Association survey ($49 per day), less the state reimbursement rate of $22.58 per day, counties subsidized an estimated total of $40.8 million in incarceration costs for state prisoners in fiscal year 2020.

The local cost of incarcerating state prisoners has exceeded the state reimbursement rate for many years. Senate Bill (SB) 781 in 1996, increased the per diem prisoner costs that a county could charge the state for actual cost of incarceration from $20 per day per prisoner to up to $37.50 per day per prisoner effective July 1, 1997. The fiscal note for the bill indicated "OA officials assumed that most, if not all counties and St. Louis City would be able to establish an actual per diem cost of incarceration at least as high as the proposed $37.50 and would therefore be able to receive the maximum reimbursement." However, due to the lack of sufficient appropriations, the reimbursement rate paid has not exceeded $22.58 since 1998.

Local concerns

We provided a survey to each county and the City of St. Louis to obtain specific concerns or issues caused by both the low reimbursement rate and also the delay in reimbursements. Currently, the length of time from claim submission to payment is approximately 8 months. The delay is due to the DOC paying claims in the order received, so unpaid claims that are in arrears are paid before current claims. Of the 30 counties and the City of St. Louis that responded, all indicated concerns or issues regarding the county reimbursement program. Concerns included, but were not limited to (1) having to use general revenue funds or reserve funds in order to cover jail costs not paid by the state, (2) having to make choices of eliminating other services or increasing local tax rates in order to cover unreimbursed costs, and (3) hiring issues in the Sheriff's office due to low salary or inability to purchase necessary equipment. Several counties indicated they do not budget revenue for county jail reimbursements due to the unreliability of receiving timely reimbursement from the state. The impact caused by both the low reimbursement rate and the timeliness of reimbursements tends to be greater on smaller counties with limited revenue sources.

Conclusion

The costs of housing prisoners charged with state crimes requires significant taxpayer resources at the local level. Inadequate state appropriations for these services has resulted in low reimbursement rates and delayed payments to counties. Due to low reimbursements rates, the burden of these costs have increasingly been transferred from the state to individual county governments. To adequately address the current situation, policy makers must

determine to what degree these costs are to be funded through state or local tax revenues and then adjust appropriations accordingly.

Recommendation

The General Assembly further evaluate the current funding appropriated to the incarceration reimbursement program to ensure the program is paying the desired level of resources to the local level, and ensure appropriation amounts are sufficient to pay the state's current liabilities timely.

2. Clarification in State Law Needed

Clarification is needed in state law to improve clarity and consistency for counties. Clarity is needed regarding maximum reimbursement amounts for counties and mileage reimbursements to Sheriffs for prisoner transportation. In addition, state law is not consistent regarding the eligibility of certain cases for state reimbursement.

2.1 Maximum reimbursement amount unclear

Officials from the DOC as well as several county officials stated the statutory wording of Section 221.105.3, RSMo, is unclear regarding of the state's potential maximum liability to counties and could be open to multiple interpretations.

Section 221.105.3(3) RSMo, states that beginning on July 1, 1997 the state reimbursement rate is "up to thirty-seven dollars and fifty cents per day per prisoner, subject to appropriations, but not less than the amount appropriated in the previous fiscal year." During our discussions with various County Commissioners, the Missouri Sheriff's Association, and the DOC, there were varying interpretations of the meaning of this statute. Based on these discussions, the meaning of the limiting language of "subject to appropriations, but not less than the amount appropriated in the previous fiscal year" is not clear because the reimbursement rate is set per day per prisoner, but the appropriations are not set in that way. Appropriations are for the total amount of reimbursement to all counties during the fiscal year. In addition, as shown in Appendix B, the appropriation for reimbursement has been reduced 6 times since fiscal year 2001, while the reimbursement rate has been reduced 3 times during that time period.

Amending the statute to provide clarity to state and local governmental officials regarding the legislative intent and statutory requirements of Section 221.105 RSMo, would reduce uncertainty for local officials and allow all parties involved to plan accordingly.

2.2 Mileage reimbursements do not align with actual costs

The state prisoner transport reimbursement methodology does not align with actual costs incurred by the counties. State law allows for reimbursement of mileage reimbursements for each prisoner in the vehicle rather than based on travel costs incurred. Clarification of the transport reimbursement methodology is necessary.

Section 57.290.2, RSMo, requires the DOC to pay the following costs for travel reimbursements to Sheriffs for transporting convicted offenders to state reception and diagnostic centers:

- $8 per day per Sheriff or other officer.
- $6 per day per guard (allowed when 3 or more prisoners are transported or if ordered by a judge).
- Round trip mileage for each Sheriff or officer.
- Round trip mileage for each guard.
- One-way mileage for each prisoner.

The mileage is reimbursed at the Internal Revenue Service rate for allowable expenses for motor vehicles. From July 1, 2019 to December 31, 2019, and January 1, 2020 to June 30, 2020, this rate was $.58, and $.575 per mile, respectively. For comparative purposes, the state employee mileage reimbursement for the same timeframe was $.43 per mile.

The reimbursement provisions result in reimbursement payments that do not align with the actual costs incurred. For example, a county was reimbursed for a 1-day trip, in which 2 deputies transported 27 prisoners to the Fulton Reception and Diagnostic Center. The county's reimbursement for this trip was $2,888.80, which included mileage totaling $2,505.60 for the prisoners. For another trip to the same center, the same county's reimbursement is $754.40 for transporting 4 prisoners, again claiming expense for 2 deputies. The prisoners portion of this mileage reimbursement was $371.20. The reimbursement would have been $383.20 for each of these trips, if mileage was not provided for each prisoner. The existing reimbursement methodology resulted in $2,876.80 in excess mileage reimbursement for prisoners for these two trips.

During our review of the DOC records of county transportation payments, we noted that more than 50 percent of the total transportation reimbursement payments are for one way mileage of prisoners. Table 1 shows the computations for fiscal year 2017 to 2020.

Table 1: Prisoner mileage reimbursement as a percentage of total transportation reimbursement, fiscal years 2017 to 2020

Fiscal Year	Total Reimbursement	Prisoner Reimbursement	Percentage of Total Claims
2017	$ 2,249,473	1,189,280	52.9
2018	$ 2,209,307	1,170,827	53.0
2019	$ 1,976,439	1,029,666	52.1
2020	$ 1,778,011	896,897	50.4

The rationale for requiring the state to pay mileage reimbursements with this methodology is unclear. Mileage reimbursements are more commonly used to reimburse for the costs associated with total cost of transportation. For example, the state travel policy (SP-6) outlined in 1 CSR 10-11.010, states that when multiple individuals ride in the same personal vehicle for

conducting state business, only the owner of the vehicle is allowed reimbursement.

Simplifying and clarifying state law related to state prisoner transportation reimbursement would help ensure the reimbursement claimed and provided to the counties was reasonable and more aligned with the costs associated with the underlying activity.

2.3 Inconsistent reimbursement eligibility

State law defining which cases are eligible for county reimbursement is inconsistent and can result in uncertainty for counties about when and if incarceration costs for certain inmates will be reimbursed, and can result in administrative burden.

Case dispositions

Under Section 550.020, RSMo, reimbursements to counties are limited to offenders who are sentenced to the DOC. However, costs may or may not be reimbursable depending on how a case is disposed. Under Section 557.011, RSMo, courts have several disposition options when an individual pleads guilty or is found guilty of a felony or a misdemeanor. These options include the following:

1. Sentence the person to a term of imprisonment.
2. Sentence the person to pay a fine.
3. Suspend the imposition of sentence, with or without placing the person on probation.
4. Pronounce sentence and suspend its execution, placing the person on probation.
5. Impose a period of detention as a condition of probation.

Option 3 is referred to as a Suspended Imposition of Sentence (SIS) while option 4 is referred to as a Suspended Execution of Sentence (SES). In both cases, the offender has been found guilty and initially avoids serving time in state prison. Typically, both dispositions also require an offender to serve a period of time on probation. However, despite these similarities between SIS and SES dispositions, the reimbursement for the related incarceration costs for these dispositions are handled differently.

SIS and SES reimbursement differences

SIS dispositions do not involve a sentence of imprisonment in the DOC. As a result, boarding costs incurred by counties for defendants with SIS dispositions are not eligible for reimbursement from the state, despite pleading or being found guilty of state offenses. As a condition of the SIS, individuals may be required to serve up to 5 years of probation. During this period of probation, these individuals may violate conditions of their probation that can result in the court revoking their probation. Upon probation revocation, the court may then impose a sentence of imprisonment in the DOC. Since the individual would then have a sentence of imprisonment to the DOC, all past boarding costs associated with this case would become eligible for reimbursement by the state.

In contrast, SES dispositions involve a sentence of imprisonment in the DOC along with a number of years of probation. SES dispositions are considered a conviction; however, the imprisonment sentence is suspended and only the probation term is initially served. If probation is not successfully completed, probation can be revoked and the court may order the individual to serve the original imprisonment sentence. Because an initial sentence of imprisonment was ordered by the court in an SES disposition, the case is immediately eligible for state reimbursement of costs, regardless of whether the offender violates his/her terms of probation and actually serves any time in a DOC facility.

In both an SIS and SES disposition, the county has immediate incarceration costs for a defendant who has either pled or been found guilty of state violations. The inconsistency in cost reimbursement eligibility has no correlation to actual costs incurred by the county. In effect, this inconsistency results in counties potentially having to pay the full incarceration costs of SIS defendants. It is unclear if that is the intention of state law.

Reimbursement for SIS dispositions are delayed and must be tracked

Incarceration costs for SIS probation violators can only be claimed for reimbursement after the probation violation occurs. This may be several years after the costs have been incurred. This delay requires counties to track and maintain historical incarceration cost data, and also results in the state reimbursing for prior period costs out of current appropriations.

For example, during our review, we noted one defendant who was charged with Possession of a Controlled Substance in August 2011, and received an SIS with 5 years of supervised probation in May 2012. Due to failing to appear in court prior to receiving the SIS, and then failing to appear at several probation violation hearings, multiple arrest warrants were issued, and the individual spent multiple time periods in the county jail during 2011, 2012, 2014, and 2018. In September 2018, another arrest warrant was served and the court then issued an SES disposition with 5 years of supervised probation. With the issuance of the SES, the county became eligible for all boarding costs associated with the state going back to initial custody in 2011. Due to additional probation violations and another issued arrest warrant, the individual incurred additional incarceration days in the county jail during October 2019. In total, between 2011 and 2019 the offender spent 144 days in the county jail resulting in $3,017 of boarding costs at the state reimbursement rates. Prior to receiving the SIS in May 2012, the individual spent 52 days in the county jail, representing $1,018 in state reimbursements. The county submitted a reimbursement for the boarding costs to the DOC in November 2019. However, due to the lack of appropriations, the DOC could not pay the bill during fiscal year 2020. Funds are expected to be available to pay the bill in fiscal year 2021, approximately 10 years after the county incurred the first prisoner boarding costs.

Conclusion

Clarifying state law to eliminate the inconsistent reimbursement of SIS and SES disposition costs, and making costs for both dispositions reimbursable immediately after the case is closed would create more consistency among disposition types, would reduce the administrative burden on counties, and would allow costs to be claimed for reimbursement more timely.

Recommendations

The General Assembly:

2.1 Consider reviewing Section 221.105, RSMo, and amending the statute to clarify legislative intent and statutory requirements of county reimbursement rates.

2.2 Consider amending Section 57.290.2, RSMo, to align prisoner transportation reimbursements with actual costs incurred.

2.3 Consider amending state law to provide consistency among cases receiving state reimbursement and reduce the time period between the time boarding services are provided and reimbursements are paid to counties.

3. Weaknesses in DOC Processes and Procedures

The department has not requested sufficient appropriations during the budget process to pay all reimbursement claims made by counties. In addition, weaknesses in DOC processes and procedures for reviewing and approving reimbursement requests have resulted in duplicate payments to counties for incarceration and extradition reimbursements.

3.1 Budget requests not sufficient

The DOC has not requested sufficient funds to pay outstanding liabilities to counties and the department's annual budget requests have not acknowledged the state's liability to county governments.

Section 33.220, RSMo, requires each department to submit to the budget director estimates of its requirements for appropriations for the next fiscal year on forms prescribed by the budget director. Estimates must separately indicate the requirement for ordinary expenditures for operation and maintenance, extraordinary expenditures for operation and maintenance, and capital expenditures. The department may also include other reports, data or other explanatory material to support the budget estimates. The DOC Budget Unit is responsible for developing, preparing, and presenting the department's annual budget request.

We reviewed the DOC's budget requests for fiscal years 2017 through 2020 and noted appropriation amounts requested by the department were not sufficient to pay anticipated reimbursement claims and unpaid claims accumulated from prior fiscal years. For fiscal year 2021, the Governor recommended an additional $22 million in appropriations to pay amounts owed to counties. The General Assembly ultimately appropriated $9.75 million to reduce the state's liability. Table 2 identifies the DOC's fiscal year

2017 through 2020 appropriation requests for county reimbursement claims, as well as the approved appropriation, and claims.

Table 2: Comparison of requested and approved appropriation to actual claims

Fiscal Year	Appropriation Requested	Appropriation Approved	Claims	Difference
2017	$ 43,330,272	43,330,272	45,978,646	(2,648,374)
2018	$ 43,830,272	43,830,272	52,108,236	(8,277,964)
2019	$ 43,330,272	43,330,272	44,069,374	(739,102)
2020	$ 44,080,948	44,080,948	39,151,132	4,929,816

In addition, the DOC's budget requests have not acknowledged or provided information regarding the program's insufficient appropriations in prior years and the resulting accumulated liability owed to counties. The Financial History section of the budget request forms identify actual expenditures for the prior 3 fiscal years and estimated expenditures for the current year. However, without noting the lack of appropriation authority to pay all claims and the accumulated liability owed to counties, the information presented does not provide a complete picture of the program's financial history.

While the General Assembly is responsible for determining final amounts of state appropriations, it is necessary for the DOC to request funding at a sufficient level to ensure the DOC's legal obligations can be paid to local governments timely. In addition, including financial information regarding insufficient appropriations in prior years and the amount owed to counties is necessary to provide policy makers and the general public a complete picture of the program's financial history.

3.2 Payment errors

The DOC's procedures for processing county reimbursement requests are not adequate, resulting in overpayments to county governments. The DOC primarily uses electronic spreadsheets for processing and tracking reimbursement requests. The information in these spreadsheets is entered by DOC staff manually, without edit checks, resulting in records that contain incomplete or inaccurate information.

Prior to January 2016, the DOC did not maintain electronic records in order to track county reimbursement requests. Beginning in January 2016, electronic spreadsheets for criminal costs, in-state transportation, and extradition reimbursement claims were developed to track, audit, and maintain claims submitted to the DOC by counties. During our review and analysis of the in-state transportation and extradition reimbursement records, for January 2016 through June 2020, we identified various data entry errors, such as blank date fields and apparent typos in the transportation date field.

Detailed written procedures for reviewing criminal cost reimbursements were established to ensure proper documentation and statutory requirements were met prior to approving claims for reimbursements, as well as to ensure the claim had not already been submitted and paid. However, DOC officials

indicated claims for transportation and extradition reimbursements do not go through a formal review process. As a result, our review identified multiple instances of duplicate payments for extradition and transportation reimbursements.

Transportation and extradition reimbursement overpayments

Our review of the department's electronic transportation reimbursement data from January 2016 through June 2020 identified 103 instances of duplicate transportation reimbursement payments to counties, totaling $53,167. Transportation payments during this period totaled approximately $8.3 million. In addition, our review of the department's electronic extradition reimbursement data from January 2016 through June 2020 identified 12 instances of duplicate extradition payments to counties, totaling $10,569. Extradition payments during this period totaled approximately $8.6 million. Our review of transportation and extradition reimbursement data involved filtering for same names, case numbers, social security numbers, and/or date of birth, and looking for duplicate transport dates. We provided the DOC with the list of duplicate payments to confirm their accuracy. DOC officials also indicated they corrected or would correct on the next county payment, some of the duplicate payments we identified.

Policies and procedures are needed to prevent the duplicate payment of reimbursement requests, ensure databases are complete and accurate, and ensure payments are in compliance with state law. Conversion to an electronic billing system, containing sufficient edit checks, would help increase efficiency and improve the DOC's ability to monitor billings for accuracy.and compliance with state law.

A similar condition was noted in our prior audit report.[5]

The DOC does not ensure transportation and extradition reimbursements are made within timeframe required by state law

Based on our review of reimbursement data, the DOC does not ensure reimbursement claims are made timely in accordance with state law. Per Section 33.120, RSMo, claims against the state must be presented to the Commissioner of Administration within 2 years to be eligible for payment. Excluding claims with blank field dates and apparent typos, we identified reimbursement claims for 192 prisoners, totaling $18,136 were received after the 2 year statutory time limit. Of this total, claims for 159 prisoners, representing $13,350 had been approved for payment during fiscal year 2020 but were not paid yet due to insufficient appropriations. We also reviewed extradition claims to determine the number of days between the date the claim was submitted and the date the extradition services were performed to determine if the claim was submitted within the statutory time frame. We identified claims for 14 prisoners, resulting in overpayments totaling $12,752, paid despite being submitted to DOC after the 2 year time limit.

[5] SAO Report No. 2009-103, *Department of Corrections*, issued in September 2009 is available at <https://app.auditor.mo.gov/repository/press/2009-103.pdf>.

In addition, the DOC spreadsheets contained data entry errors and often lacked necessary information to properly determine if some claims were paid in compliance within statutory time limitations. DOC officials indicated they typically follow the 2 year rule, but made exceptions due to the "sensitive nature" of the county reimbursement program.

In addition, due to the lack of sufficient details in the DOC database, including the date of prisoner transport and a number of data entry errors, additional payments exceeding the statutory time limit may exist but could not be readily identified.

Recommendations

The Department of Corrections:

3.1 Request appropriation amounts necessary to pay all obligations of the department timely. In addition, the department should ensure budget request documents provide a complete financial history of the program by identifying total amounts owed to local governments.

3.2 Implement controls and procedures to ensure electronic records contain accurate and complete information. In addition, the department should ensure claims approved for payment have not been previously paid and comply with state law. The department should review the erroneous payments identified and reduce future billings as appropriate.

Auditee's Response

The department's written response is included at Appendix D.

Period		Reimbursement
From	To	Rate
7/1/1998	6/30/2002	$ 22.50
7/1/2002	6/30/2007	$ 20.00
7/1/2007	6/30/2008	$ 21.25
7/1/2008	6/30/2010	$ 22.00
7/1/2010	9/30/2014	$ 19.58
10/1/2014	6/30/2015	$ 21.58
7/1/2015	6/30/2016	$ 20.58
7/1/2016	6/30/2017	$ 21.08
7/1/2017	6/30/2018	$ 22.58
7/1/2018	6/30/2019	$ 22.58
7/1/2019	6/30/2020	$ 22.58

Source: < https://doc.mo.gov/divisions/human-services/county-reimbursement>

Fiscal Year	Criminal Cases Appropriation
2001	$ 30,700,000
2002	$ 30,680,000
2003	$ 27,612,000
2004	$ 30,908,000
2005	$ 29,860,616
2006	$ 35,960,616
2007	$ 40,060,616
2008	$ 41,935,616
2009	$ 43,060,616
2010	$ 43,060,616
2011	$ 38,060,616
2012	$ 38,060,616
2013	$ 38,060,616
2014	$ 38,060,616
2015	$ 43,330,272
2016	$ 39,817,168
2017	$ 43,330,272
2018	$ 43,830,272
2019	$ 43,330,272
2020	$ 44,080,948

Appendix C
County Reimbursement Program
Arrearage by County

County	Fiscal Year 2020 Requests*	Fiscal Year 2020 Payments	Fiscal Year 2020 (Arrearage)/ Overage	Cumulative Arrearage	Arrearage as Percent of Fiscal Year 2020 Requests
Adair	$ 291,709	209,523	(82,186)	288,295	98.8
Andrew	37,279	40,066	2,787	34,370	92.2
Atchison	35,713	30,713	(5,000)	14,313	40.1
Audrain	265,933	282,697	16,764	208,068	78.2
Barry	280,078	264,339	(15,739)	228,729	81.7
Barton	118,048	98,570	(19,478)	63,634	53.9
Bates	21,306	125,353	104,047	10,816	50.8
Benton	89,845	91,225	1,380	65,503	72.9
Bollinger	3,382	63,440	60,058	2,730	80.7
Boone	1,379,512	1,222,324	(157,188)	1,028,728	74.6
Buchanan	806,681	617,666	(189,015)	775,664	96.2
Butler	764,443	707,561	(56,882)	474,310	62.0
Caldwell	33,975	57,998	24,023	32,528	95.7
Callaway	358,035	444,862	86,827	231,375	64.6
Camden	274,464	202,036	(72,428)	259,222	94.4
Cape Girardeau	741,833	807,787	65,954	561,189	75.6
Carroll	35,205	64,822	29,617	32,866	93.4
Carter	23,916	29,511	5,595	17,140	71.7
Cass	405,227	492,370	87,143	300,076	74.1
Cedar	56,580	82,801	26,221	33,638	59.5
Chariton	40,707	42,141	1,434	32,671	80.3
Christian	261,952	393,524	131,572	191,550	73.1
Clark	65,123	131,754	66,631	65,123	100.0
Clay	1,376,135	1,223,771	(152,364)	1,032,964	75.1
Clinton	8,533	218,792	210,259	3,777	44.3
Cole	160,970	321,006	160,036	148,894	92.5
Cooper	103,472	119,634	16,162	85,777	82.9
Crawford	252,858	309,571	56,713	121,792	48.2
Dade	24,601	51,414	26,813	24,472	99.5
Dallas	233,261	360,631	127,370	190,272	81.6
Daviess	162,218	127,574	(34,644)	124,130	76.5
DeKalb	209,029	164,597	(44,432)	158,764	76.0
Dent	112,633	211,090	98,457	111,443	98.9
Douglas	29,405	68,511	39,106	29,405	100.0

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Dunklin	719,105	539,633	(179,472)	624,881	86.9
Franklin	419,189	480,869	61,680	366,682	87.5
Gasconade	39,993	41,720	1,727	39,993	100.0
Gentry	56,243	19,148	(37,095)	43,621	77.6
Greene	3,702,946	3,491,446	(211,500)	3,188,925	86.1
Grundy	30,359	75,878	45,519	28,706	94.6
Harrison	40,893	56,332	15,439	40,718	99.6
Henry	391,653	203,237	(188,416)	360,895	92.1
Hickory	90,863	78,508	(12,355)	71,028	78.2
Holt	30,427	4,899	(25,528)	29,626	97.4
Howard	50,611	46,388	(4,223)	41,201	81.4
Howell	158,087	171,020	12,933	125,552	79.4
Iron	200,724	225,170	24,446	199,902	99.6
Jackson	4,761,627	2,888,257	(1,873,370)	4,000,096	84.0
Jasper	496,523	599,194	102,671	474,229	95.5
Jefferson	250,860	803,769	552,909	86,862	34.6
Johnson	155,042	214,611	59,569	80,384	51.8
Knox	218	3,713	3,495	218	100.0
Laclede	531,667	489,531	(42,136)	466,986	87.8
Lafayette	336,631	354,156	17,525	192,372	57.1
Lawrence	259,639	376,234	116,595	233,900	90.1
Lewis	27,825	67,929	40,104	15,829	56.9
Lincoln	70,302	253,842	183,540	59,967	85.3
Linn	81,474	41,907	(39,567)	55,741	68.4
Livingston	204,356	225,471	21,115	140,669	68.8
Macon	65,013	54,506	(10,507)	65,013	100.0
Madison	71,405	91,433	20,028	45,990	64.4
Maries	26,799	47,646	20,847	23,047	86.0
Marion	315,454	261,622	(53,832)	255,862	81.1
McDonald	211,769	190,243	(21,526)	168,642	79.6
Mercer	182	10,104	9,922	0	0.0
Miller	300,372	253,813	(46,559)	223,311	74.3
Mississippi	210,475	220,231	9,756	183,085	87.0
Moniteau	139,393	144,292	4,899	94,961	68.1
Monroe	98,443	1,585	(96,858)	98,032	99.6
Montgomery	178,946	230,563	51,617	130,788	73.1

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Morgan	348,199	425,096	76,897	309,057	88.8
New Madrid	280,876	318,001	37,125	210,213	74.8
Newton	144,403	266,581	122,178	93,764	64.9
Nodaway	130,193	74,737	(55,456)	101,557	78.0
Oregon	42,493	14,746	(27,747)	41,750	98.3
Osage	3,465	15,496	12,031	2,666	76.9
Ozark	63,447	62,823	(624)	61,655	97.2
Pemiscot	243,227	112,803	(130,424)	231,179	95.0
Perry	33,172	168,026	134,854	29,773	89.8
Pettis	703,139	669,608	(33,531)	527,477	75.0
Phelps	631,195	558,650	(72,545)	453,912	71.9
Pike	107,344	63,094	(44,250)	93,227	86.8
Platte	560,661	539,221	(21,440)	532,682	95.0
Polk	274,901	208,671	(66,230)	271,459	98.7
Pulaski	254,984	367,499	112,515	213,572	83.8
Putnam	13,249	23,860	10,611	13,011	98.2
Ralls	46,061	58,176	12,115	5,976	13.0
Randolph	195,457	191,275	(4,182)	158,901	81.3
Ray	207,005	301,876	94,871	146,720	70.9
Reynolds	52,776	25,513	(27,263)	50,979	96.6
Ripley	99,942	111,358	11,416	88,301	88.4
Saline	236,398	294,093	57,695	162,736	68.8
Schuyler	16,029	17,872	1,843	15,014	93.7
Scotland	25,596	50,419	24,823	6,244	24.4
Scott	404,125	536,205	132,080	308,780	76.4
Shannon	17,526	48,281	30,755	17,526	100.0
Shelby	13,849	20,264	6,415	13,849	100.0
St. Charles	1,539,403	1,343,650	(195,753)	1,190,297	77.3
St. Clair	79,076	148,976	69,900	64,188	81.2
St. Francois	756,778	800,945	44,167	636,696	84.1
St. Louis County	2,693,087	4,670,196	1,977,109	2,013,160	74.8
St. Louis City	2,029,905	4,109,924	2,080,019	1,483,191	73.1
Ste. Genevieve	182,719	251,842	69,123	104,760	57.3
Stoddard	314,406	289,504	(24,902)	250,363	79.6
Stone	67,895	133,742	65,847	49,238	72.5
Sullivan	0	1,559	1,559	0	N/A

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Taney	996,888	533,715	(463,173)	994,317	99.7
Texas	16,639	74,633	57,994	16,639	100.0
Vernon	299,848	286,715	(13,133)	294,885	98.3
Warren	376,097	674,842	298,745	289,318	76.9
Washington	308,798	291,601	(17,197)	241,905	78.3
Wayne	191,471	252,604	61,133	95,733	50.0
Webster	133,536	179,336	45,800	92,027	68.9
Worth	123	606	483	0	0.0
Wright	215,167	230,582	15,415	180,839	84.0
Total	$ 39,141,117	42,757,790	3,616,673	31,401,478	80.2

* Amount after review and approval by the DOC.

Michael L. Parson
Governor

Anne L. Precythe
Director

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State of Missouri
DEPARTMENT OF CORRECTIONS
"Improving Lives for Safer Communities"

Honorable Nicole R. Galloway
Missouri State Auditor
P.O. Box 869
Jefferson City, MO 65102

Dear Auditor Galloway:

The Department of Corrections submits the following responses to the County Reimbursement Program performance audit.

3.1 Budget requests not sufficient

Response:

The department has worked to ensure that the Governor, the General Assembly, and all stakeholders were well informed about the financial condition of the of the county reimbursement program to inform state appropriation decisions. However, in the future the department will ensure that the budget documents clearly reflect the financial condition of the program to allow the General Assembly to make informed appropriation decisions.

3.2 Payment Errors

Response:

During the period January 2016 through June 2020 the audit identified 103 instances of duplicate transportation reimbursement payments to counties, totaling $53,167. During that same time period the Department of Corrections (DOC) processed 7,996 payments for a total of $8,288,220.71. Our error rate is less than 1% without a centralized system for tracking. Prior to this audit being conducted DOC did implement a standardized tracking, audit, and reporting system for transportation payments.

During the period January 2016 through June 2020 the audit identified 12 instances of duplicate extradition payments to counties, totaling $10,569. During that time period the DOC processed 2,901 payments, totaling $8,606,187.14. Our error rate for extraditions was one-tenth of a percent without a centralized system for tracking. Prior to this audit being conducted DOC did implement a standardized tracking, audit, and reporting system for extradition payments.

During the period January 2016 through June 2020 the audit identified 14 extradition claims resulting in overpayments totaling $12,752, paid after the 2 year statutory time limit. During that time period the DOC processed 2,901 payments, totaling $8,606,187.14. Our error rate for extradition payments made outside of the 2 year statutory time limit was one-tenth of a percent without a centralized system for tracking. Prior to this audit being conducted DOC did implement a standardized tracking, audit, and reporting system for transportation payments.

The implementation of new standardized tracking, audit, and reporting systems has allowed and will continue to allow DOC to reduce errors. In addition the department is working to implement an online automated submission system for bills of cost that will further enhance the program by reducing manual administrative processing by the department and the submitting counties.

Sincerely,

Trevor Foley,
Director of Budget and Finance